

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3191 – SB 3155

May 4, 2010

**SUMMARY OF AMENDMENTS (016972, 018223):** Amendment 016972 deletes all language following the enacting clause. Establishes a registration program for Appraisal Management companies (AMC) within the Tennessee Real Estate Appraiser Commission. Requires an AMC to post and maintain a \$20,000 surety bond. Authorizes the Commission to promulgate rules and implement a registration fee in an amount sufficient to fund program activities. Registrations will be valid for a two-year period. Establishes requirements for initial and continued registration. Requires the Commission to investigate any complaints received on an AMC and authorizes the Commission to censure, suspend, or revoke an AMC's registration. Requires one member of the Tennessee Real Estate Appraiser Commission to be a representative of an AMC or a financial institution providing appraisal services and establishes a method to fill vacancies on the board. Amendment 018223 adds a certified public accountant to the list of persons exempt from registration.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$100,000/FY10-11/Tennessee Real Estate Appraiser  
Commission  
\$120,000/FY11-12/Tennessee Real Estate Appraiser  
Commission  
\$140,000/FY12-13/Tennessee Real Estate Appraiser  
Commission  
Increase State Expenditures - \$11,500/One-Time/Tennessee Real Estate Appraiser  
Commission  
\$92,800/Recurring/Tennessee Real Estate Appraiser  
Commission

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue - \$187,500/FY10-11 and biennially thereafter/Tennessee  
Real Estate Appraiser Commission  
\$37,500/FY11-12 and biennially thereafter/Tennessee  
Real Estate Appraiser Commission  
Increase State Expenditures - \$11,500/One-Time/Tennessee Real Estate Appraiser  
Commission  
\$92,800/Recurring/Tennessee Real Estate Appraiser  
Commission

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Assumptions applied to amendments:

- According to the Department of Commerce and Insurance, approximately 50 AMCs will register in year one with 10 new companies registering per year thereafter. Registration fees are due biennially.
- In order to meet the requirements of Tenn. Code Ann. § 4-3-1011 to remain self-supporting over a two year period, initial and biennial registration fees will be set at \$3,750 which will result in an increase in state revenue of \$187,500 in FY10-11 and biennially thereafter, and \$37,500 in FY11-12 and biennially thereafter.
- According to the Department, the Commission will require an additional licensing technician position at a recurring cost of \$52,286 which includes salary (\$27,900), benefits (\$9,486), administrative costs (\$11,200), computer and telecommunications (\$2,000), and office lease (\$1,700). The Commission will require a one-time increase in expenditures of \$11,500 which includes rule-making (\$7,500), computer registration system upgrades (\$1,000), office landscaping (\$2,000), and computer costs (\$1,000).
- The Commission will incur additional recurring expenditures for the costs for investigation and hearing of complaints against AMCs at an estimated cost of \$40,500 which includes travel and per diem for nine board members (\$8,000), and legal, investigative, and administrative costs (\$32,500).
- There is no fiscal impact on the state for expanding membership requirements for the Commission.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. As of June 30, 2009, the Commission had a positive balance of \$255,030.16.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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